P.S.C. No. 1 GAS CHAUTAUQUA UTILITIES, INC. INITIAL EFFECTIVE DATE: September 1, 2011

SERVICE CLASSIFICATION NO. 1

General Sales Service

APPLICABLE TO USE OF SERVICE FOR:

Any use of gas where consumption is less than 500,000 Cu. Ft. per year and is used at the premises for residential or non-residential purposes. Service under this tariff is also applicable to buildings used for religious, community and / or governmental purposes.

CHARACTER OF SERVICE:

Continuous natural gas sales service with a nominal Btu content of 1,000 per cubic foot delivered at a pressure not less than 4 inches nor more than 12 inches.

RATE:

Monthly Rates per ccf:

| First | 400 Cu. Ft. or less | \$22.00 |
|----------|----------------------|----------|
| All Over | 400 Cu. Ft., per ccf | \$1.0596 |

Gas Supply Charge:

The charges set forth herein shall be subject to a Gas Supply charge per 100 cubic feet of gas supplied hereunder as explained in General Information Section XXVII.

Increase in Rates and Charges:

The rates and charges under this Service Classification, including Gas Adjustments and minimum charge, will be increased by a tax factor pursuant to Rule XVI.

MINIMUM CHARGE:

The minimum charge per month will be \$22.00 plus applicable purchased gas cost adjustment and tax factor.

TERMS OFPAYMENT:

All bills are due and payable. Full payment must be received on or before the date shown on the bill to avoid a late payment charge of one and one-half percent (1 1/2 %) pursuant to Rule XVI.